N.V. PHILIPS GLOEILAMPENFABRIEKEN & ANOR.

v.

MIRABELLA INTERNATIONAL PTY LIMITED

HIGH COURT AUSTRALIA, CANBERRA
BRENNAN, DEANE, DAWSON, TOOHEY AND MCHUGH JJ
9 NOVEMBER 1995

INTERPRETATION: *Patents Act 1990 (Cth), s. 18(1) – "... a patentable invention is an invention that ..." – Effect of words – Whether to introduce a general threshold requirement of "newness" or "inventiveness".*

INTELLECTUAL PROPERTY: *Patent – Mercury vapour discharge lamp – Patent specificied phospors used – Whether patentable invention.*

The appellants were the manufacturer and distributor of energy saving compact flourescent lamps. The first appellant was granted a patent under the Patents Act 1952 for the manufacture of the lamps, the invention being described as a "low presssure mercury vapour discharge lamp". The inside wall of the patented lamp was coated with phospors and the patent specified the phospors used. The respondent distributed compact lamps in Australia imported from China which the appellants claimed infringed the patent granted to the first appellant, and the appellants as such sought for a declaration to that effect. The lower Courts found that there was no "patentable invention" since the claim in the specification could be seen to be "nothing but a claim for the use of a known material in the manufacture of known articles for the purpose of which its known properties make that material suitable".

It was argued by the appellant that the fact that a claimed use was nothing but a new use of an old substance and therefore outside the whole scope of what was known as an invention under the traditional principles of patent law will not of itself preclude it from being a proper subject of letters patent under the Act.

The issue for consideration was whether the effect of the words "... a patentable invention is an invention that ..." was to introduce a general threshold requirement of "newness" or "inventiveness" which, if not satisfied, will deny patentability to something which was merely a new use of an old product without need to resort to either s. 18(1)(a)'s requirement of a "manner of manufacture" or s. 18(1)(b)'s requirements of a comparison with a defined "prior art base".

Held:

Brennan, Deane and Toohey JJ:

[1] The primary focus of inquiry should be upon the opening words "a patentable invention is an invention that ..." of s. 18(1) of the Patents Act 1990 which impose a threshold requirement which must be satisfied before one reaches that contained in the body of para. (b).

[2] The effect of those opening words of s. 18(1) is that the primary or threshold requirement of a "patentable invention" is that it be an "invention". Read in the context of s. 18(1) as a whole and the definition of invention in the Dictionary in Schedule 1, that clearly means "an alleged invention", i.e., an "alleged" "manner of new manufacture the subject of letters of patent and grant of privilege within s. 6 of the Statute of Monopolies". If it is apparent on the face of the specification that the quality of inventiveness for there to be a proper subject of letters patent under the Statute of Monopolies is absent, one need go no further.

[3] It is highly unlikely that it was the legislative intent that there should be a significant alteration of the law by extending the ambit of a patentable invention so as what is nothing more than the use of a known material in the manufacture of known articles for the purpose of which is known properties make that material suitable.

[4] In the context of that construction of s. 18(1)'s threshold requirement of an invention, the preferable conclusion is that the phrase "manner of manufacture within the meaning of s. 6 of the Statute of Monopolies" in s. 18(1)(a) should be understood as refering to a process which is a proper subject matter of letters patent according to traditional principle.

Dawson and McHugh JJ (dissenting):

[1] Section 18 does not purport to define an invention. That definintion - a manner of new manufacture - is to be found in Schedule 1. Section 18 describes a patentable invention and does so by requiring a manner of manufacture to exhibit certain qualities. Two of those qualities - novelty and inventiveness - constitute a more explicit and precise expression of what has to come to be conveyed by the word "new" in the phrase "manner of new manufacture". A patentable invention is a manner of manufacture which is, amongst other things, new in the sense that, when compared to the prior art base, it is novel and involves and inventive step. There is no additional requirement that it be new in some other sense, for that would defeat one of the purposes of the section.

[2] In considering whether there was patentable invention there was no need for the Court to distinguish between the "manner of manufacture" and "manner of new manufacture" nor was there any need to distinguish between lack of inventive step and subject matter.

[Appeal dismissed with costs]

Cases referred to:

CCOM Pty. Ltd. v. Jiejing Pty. Ltd. [1994] 51 FCR 260; 122 ALR 417 ***(refd)***
Commissioner of Patents v. Microcell Ltd. [1959] 102 CLR 232 ***(foll)***
Re BA's Application [1915] 32 RPC 348 ***(refd)***
National Research Development Corporation v. Commissioner of Patents [1959] 102 CLR 252 ***(refd)***
R v. Comptroller-General of Patents; Ex parte Muntz [1922] 39 RPC 335 ***(refd)***
In re Johnson's Patent [1937] 55 RPC 4 ***(refd)***
National Research Development Corporation v. Commissioner of Patents [1959] 102 CLR 252 ***(refd)***
Gadd & Mason v. The Mayor etc. of Manchester [1892] 9 RPC 516 ***(refd)***
Sharp & Dohme Inc v. Boots Pure Drug Co. Ltd. [1928] 45 RPC 153 ***(refd)***
NV Philips v. Mirabella [1993] 44 FCR 239; 117 ALR 79 ***(refd)***
Re Application of Compagnies Reunies des Glaces [1930] 48 PC 185 ***(refd)***
Linotype Co. Ltd. v. Mounsey (1909) 9 CLR 194 ***(refd)***
Sunbeam Corporation v. Morphy-Richards (Aust) Pty. Ltd. [1961] 35 ALJR 212 ***(refd)***
Gum v. Stevens 48 [1923] 33 CLR 267 ***(refd)***
RD Werner & Co. Inc. v. Bailey Aluminium [1989] 25 FCR 565 ***(refd)***

Legislation referred to:

Patents Act 1903 (Cth), ss. 4, 39, 40, 41, 46(b), 86(3)
Patents Act 1952, ss. 6, 47, 48, 49, 100(1)(d), (e), (g), (h)
Patents Act 1990 (Cth) ss. 3, 7, 18(1)(a), (b), (c), (d), 18(2), 40, 45, 138(3) Sch. 1
Patents Bill 1990, para. 18(1)(b)
Rules of Court, O. 70 r. 6(5)
Statute of Monopolies 1623, s. 6

Other sources referred to:

Terrell on Patents, 8th edn. (1934), at 213-214
Patents, Innovation and Competition in Australia, a report to the Minister for Science and Technology, 29 August 1984
Official Journal of Patents, Trade Marks and Designs, Vol. 56, no. 47, 18 December 1986, at 1470

For the appellants - J.M. Emmerson; M/s. Sly & Weigall
For the respondents - D.K. Catterns (A.C. Bennet and S.J. Goddard with him); M/s. Williams Niblett

JUDGMENT

Brennan, Deane and Toohey JJ:

This appeal has been confined to a single issue relating to the significance under s. 18(1) of the Patents Act 1990 (Cth) ("the Act") of a finding of the learned primary Judge and a majority of the Full Federal Court (1993) 44 FCR 239; 117 ALR 79 to the effect that the subject matter of the patent in suit, as disclosed by the specification when read as a whole, was merely a new use of a particular known product. The critical question involved in the resolution of that issue was identified by the appellants ("Philips") as being whether the requirement of s. 18(1)(a) that an "invention ... so far as claimed in any claim ... is a manner of manufacture within the meaning of s. 6 of the Statute of Monopolies" involves any "residual requirement of newness". For reasons which will appear, we consider that that critical question is more appropriately framed in terms which focus upon s. 18(1)'s introductory words "... a patentable invention is an invention that ...". So framed, the question is whether the effect of those words is to introduce a general threshold requirement of "newness" or "inventiveness" which, if not satisfied, will deny patentability to something which is merely a new use of an old product without need to resort to either s. 18(1)(a)'s requirement of a "manner of manufacture" or s. 18(1)(b)'s requirements of a comparison with a defined "prior art base". The background facts are set out in the judgment of Dawson and McHugh JJ. We shall avoid unnecessary repetition of them.

Section 18(1) identifies the essential characteristics of a "patentable invention" for the purposes of the Act. It provides:

> 18. (1) Subject to subsection (2), a patentable invention is an invention that, so far as claimed in any claim:
>
> (a) is a manner of manufacture within the meaning of section 6 of the Statute of Monopolies; and
>
> (b) when compared with the prior art base as it existed before the priority date of that claim:
>
> (i) is novel; and
> (ii) involves an inventive step; and
>
> (c) is useful; and
>
> (d) was not secretly used in the patent area before the priority date of that claim by, on behalf of, or with the authority of, the patentee or nominated person or the patentee's or nominated person's predecessor in title to the invention.

(Section 18(2) provides that human beings, and the biological processes for their generation, are not patentable invention).

Section 18(1) must be read in conjunction with the definition of "invention" contained in the Dictionary which constitutes Schedule 1 to the Act. That definition reads:

> **'invention'** means any manner of new manufacture the subject of letters patent and grant of privilege within s. 6 of the Statute of Monopolies, and includes an illegal invention.

Section 18(1) must also be read with s. 7 and the definitions of "prior art base" and "prior art information" contained in the Dictionary. For present purposes, it suffices to say that s. 7 and those two definitions identify the reference points for the comparison with "the prior art base" required by s. 18(1)(b). It is in the context of the statutory scheme encompassing those reference points that the issue raised by the appeal must be resolved.

In the Federal Court, the learned trial Judge and the members of the full Court were all agreed that, independently of the specific provisions of s. 18(1)(b) relating to novelty and inventive step, s. 18(1)(a) must be read as containing a threshold requirement to the effect that what was claimed as a patentable invention must be a proper subject of letters patent according to the principles which have been developed for the application of s. 6 of the Statute of Monopolies 1623 (compare the Federal Court judgments in the present case with *CCOM Pty. Ltd. v. Jiejing Pty. Ltd.* [1994] 51 FCR 260 at 294-295; 122 ALR 417 at 450). That being so, their Honours considered that, notwithstanding the fact that the respondent ("Mirabella") had abandoned its specific allegation of a failure to satisfy s. 18(1)(b)'s requirement that comparison with the defined "prior art base" discloses novelty and an inventive step, there was no "patentable invention" if the claim in the specification could be seen to be, in the words used by Dixon CJ, McTieman, Fullagar, Taylor and Windeyer JJ in *Commissioner of Patents v. Microcell Ltd.* ("*Microcell*") [1959] 102 CLR 232 at 251, "nothing but a claim for the use of a known material in the manufacture of known articles for the purpose of which its known properties make that material suitable". The trial Judge (Wilcox J) and the majority in the full Court (Northrop and Lockhart JJ) concluded that the claim disclosed by the specification in the present case was merely such a claim. Burchett J, in dissent in the full Court, concluded that it was not.

In the argument in this Court, there was much that was common ground. Indeed, at times, there was difficulty in identifying precisely where divergence began and ended. As we followed the argument, it was common ground that a process might satisfy the comparison requirements of s. 18(1)(b) notwithstanding that it lacked any quality of inventiveness according to traditional principle. We have some difficulty with that proposition but, for reasons which will appear, it is unnecessary that we pursue it. It was also common ground that s. 18(1) must be construed not only in its context in the Act but in the wider context of traditional patents law, including the history of patents legislation and practice. For our part, we consider it unnecessary to do more than briefly

refer to three aspects of traditional patents law and practice which seem to us to be of particular significance for present purposes.

The first aspect can be stated in the words of an actual proposition of law for which *Microcell* ((1959) 102 CLR 232 at 251; *Microcell* was a case under the Patents Act 1903 (Cth) ("the 1903 Act")) stands as clear authority. It is that a "claim for the use of a known material in the manufacture of known articles for the purpose of which its known properties make that material suitable ... cannot be subject matter for a patent". Or, to adapt the well-known words of Lord Buckmaster, when Solicitor-General, in *Re BA's Application* ([1915] 32 RPC 348 at 349, quoted with approval by this Court in *Microcell* [1959] 102 CLR 232 at 247 and *National Research Development Corporation v. Commissioner of Patents* [1959] 102 CLR 252 at 262 (a case under the Patents Act 1952 (Cth) ("the 1952 Act")), a claim which is "nothing but a claim for a new use of an old substance" is a claim for something which lies outside the scope of what is known as an "invention" under well-established traditional principles of patent law.

The second aspect relates to the above-quoted definition of "invention" contained in the Dictionary set out in Schedule 1 to the Act. Subject to an inconsequential verbal variation (a parenthetical identification of the "Statute of Monopolies" contained in the 1903 Act (and the 1883 English Act) was subsequently omitted), that definition has appeared in Commonwealth patents legislation since the enactment of the first Commonwealth Patents Act in 1903 (see the 1903 Act, s. 4 and the 1952 Act, s. 6). It can be traced to the United Kingdom Act of 1883 (46 and 47 Vict c 57, s. 46). That second aspect is that it is established by both English and Australian decisions that the word "alleged" in the second limb (i.e. "and includes an alleged invention") of the definition "goes only to the epithet 'new"' when the words of the first limb (ie "any manner of new manufacture" etc) are substituted for the word "invention" in the second limb (see, in particular, *R v. Comptroller-General of Patents*; *Ex parte Muntz* [1922] 39 RPC 335 at 339; *In re Johnson's Patent* [1937] 55 RPC 4 at 18-19; *National Research Development Corporation v. Commissioner of Patents* [1959] 102 CLR 252 at 261-262).

The third aspect of traditional law and practice is related to the second. It concerns the scope of a threshold question which arose for the consideration of the patents office in dealing with an application for a patent under earlier patents legislation containing a definition of "invention" corresponding with that contained in the Act. It is that it was established that, notwithstanding that the word "alleged" in the second limb of that definition qualified the adjective "new" when applied to the phrase "manner of new manufacture" in the first limb, neither the Comptroller under the pre-1977 English legislation nor the Commissioner under the earlier Australian legislation was bound to accept an allegation by an applicant that the claimed manner of manufacture was new. The "report" and rejection provisions of the earlier Australian legislations (see,

in particular, the 1903 Act, ss. 39, 40, 41 and 46(b) and the 1952 Act, ss. 47, 48 and 49) produced the situation that the Australian Commissioner apparently had a wider discretion than the English Comptroller to decline to accept an application (see *Microcell* [1959] 102 CLR 232 at 244-246). However, even under the earlier English legislation, the Comptroller was entitled to reject an application "if it is apparent upon the face of the specification, when properly construed, that the allegation [that the method of manufacture is new] is unfounded" (see *In re Johnson's Patent* [1937] 55 RPC 4 at 19). The reason why that was so was that, if it was apparent on the face of the specification that what was claimed was not "new", the specification when read as a whole did not allege a manner of new manufacture notwithstanding that it contained an assertion of newness. Thus, if it were apparent on the face of the specification, when properly construed and understood, that a subject process was (for example) nothing more than a new use of an old product, the specification would itself disclose the absence of "an alleged invention" within the second limb of the definition. When that was so, the Comptroller or the Commissioner was entitled to reject the application for the reason that it failed to satisfy the threshold test (see, generally, *Terrell on Patents*, 8th Edn. (1934) at 213-214; *Microcell* [1959] 102 CLR 232 at 246-247; *National Research Development Corporation v. Commissioner of Patents* [1959] 102 CLR 252 at 261-262).

In essence, Philips' argument is that the members of the Federal Court fell into error by failing to recognise that s. 18(1)(b)'s requirements of novelty and inventive step (when compared with the identified applicable prior art base) are exclusive and exhaustive in so far as inventiveness (whether of step or idea) is concerned with the result that, if those requirements are satisfied (note, however, that s. 138(3) effectively reverses the onus so that, in a case such as the present, it is placed on the party seeking revocation of the patent), it is simply irrelevant that the subject matter of the claim as identified in the specification lacks the quality of inventiveness required by the principles which have been developed for the application of s. 6 of the Statute of Monopolies. Expressed in other words, Philips' argument is that the fact that a claimed use is "nothing but ... a new use of an old substance" and therefore "outside the whole scope of what is known as an invention" under traditional principles of patent law (see *National Research Development Corporation v. Commissioner of Patents* [1959] 102 CLR 252 at 262) will not of itself preclude it from being a proper subject of letters patent under the Act. In our view, Philips' argument should be rejected. Our reasons for rejecting it diverge, however, from the reasons advanced in Mirabella's primary argument which focused upon the phrase "manner of manufacture" in para. (a) of s. 18(1). The primary focus of inquiry should, as we have indicated, be upon the opening words ("... a patentable invention is an invention that ...") of that sub-section which impose a threshold requirement which must be satisfied before one reaches that contained in the body of para. (a) (This approach to

the construction of s. 18(1) was raised in the course of argument in this Court and adopted by Mirabella as a subsidiary argument).

The effect of those opening words of s. 18(1) is that the primary or threshold requirement of a "patentable invention" is that it be an "invention". Reid in the context of s. 18(1) as a whole and the definition of "'invention" in the Dictionary in Schedule 1, that clearly means "an alleged invention" (see the final words of the definition), that is to say, an "alleged" "manner of new manufacture the subject of letters patent and grant of privilege within s. 6 of the Statute of Monopolies" (see the first part of the definition). In the light of what has been said above about what is involved in an alleged manner of new manufacture, that threshold requirement of "an alleged invention" will, notwithstanding an assertion of "newness", remain unsatisfied if it is apparent on the face of the relevant specification that the subject matter of the claim is, by reason of absence of the necessary quality of inventiveness, not a manner of new manufacture for the purposes of the Statute of Monopolies. That does not mean that the threshold requirement of "an alleged invention" corresponds with or renders otiose the more specific requirements of novelty and inventive step (when compared with the prior art base) contained in s. 18(1)(b). It simply means that, if it is apparent on the face of the specification that the quality of inventiveness necessary for there to be a proper subject of letters patent under the Statute of Monopolies is absent, one need go no further. In that regard, the position under s. 18(1) remains that indicated in the following extract from the judgment of Dixon CJ, Kitto and Windeyer JJ in *National Research Development, Corporation v. Commissioner of Patents* ("the *NRDC Case*") [1959] 102 CLR 252 at 261-262.

> ... in the portion of the definition of invention which includes in the meaning of the word an alleged invention, the word 'alleged' goes only to the epithet 'new' in the expression 'a manner of new manufacture', and ... accordingly the Commissioner may properly reject a claim for a process which is not within the concept of a 'manufacture'. But the case cited [ie *Microcell*] shows also that even if the process is within the concept the Commissioner is not bound to accept the allegation of the applicant that it is new, if it is apparent on the face of the specification, when properly construed, that the allegation is unfounded: see also *Re Johnson's Patent* [1937] 55 RPC 4 at 19. It is therefore open to the Commissioner in a proper case to direct the deletion of a claim for a process which may be seen from the specification, considered as a whole, to be 'outside the whole scope of what is known as invention' because, in the words of Lord Buckmaster, when Solicitor-General, in *Re BA's Application* (1915) 32 RPC 348 it is 'nothing but a claim for a new use of an old substance' ((1915) 32 RPC 348 at 349).

It is true that it can be argued that there is internal tension in an overall legislative scheme which imposes a threshold requirement of inventiveness reflecting the effect of the saving clause in s. 6 of the Statute of Monopolies and then proceeds, if that threshold requirement be satisfied, to impose more

specific requirements of novelty and inventive step. It seems to us, however, that there are several answers to that argument. One is that there is no construction of s. 18(1) of the Act which is not susceptible of some legitimate criticism. Another is that traditional patents law under s. 6 of the Statute of Monopolies long recognised cumulative requirements of an element of invention (as distinct from, eg., mere discovery or analogous use) in the subject matter as described by the specification and novelty or newness as disclosed by comparison with a prior art base (see, eg., *Gadd & Mason v. The Mayor etc of Manchester* [1892] 9 RPC 516 at *525-526; Sharp & Dohme Inc v. Boots Pure Drug Co. Ltd.* [1928] 45 RPC 153 at 170-173). The distinctive requirements of novelty and inventive step required by s. 18 of the Act are emphasised by their elaboration in s. 7. In that regard it may be noted that in the 1952 Act one of the grounds for revocation of a patent was that the invention "was obvious and did not involve an inventive step, having regard to what was known or used in Australia" (s. 100(1)(e)). More important, it seems to us to be highly unlikely that it was the legislative intent that there should be a significant alteration of the law as explained in *Microcell* by extending the ambit of a patentable invention so as to include what is "nothing more" than "the use of a known material in the manufacture of known articles for the purpose of which its known properties make that material suitable" (see [1959] 102 CLR 232 at 251). In that regard, we do not accept the argument on behalf of Philips that *Microcell* was decided on the question of newness and not on manner of manufacture. It is true that, in *Microcell*, "Counsel for the applicants argued that they were required to show no more than that the specification described a manner of manufacture and that it was alleged to be new" (see [1959] 102 CLR 232 at 245). But it is clear that the decision of the Court was that "[t]he specification in the present case does not, in our opinion, disclose a patentable "invention" (see [1959] 102 CLR 232 at 246 and generally). Rather, the deliberate retention of the established definition of "invention" in the Dictionary in Schedule 1 strongly supports the view that it was the legislative intent that the threshold requirement of "an invention" would continue to exclude from a "patentable invention" any claimed process, method or use which was not, on the face of the specification, a proper subject of letters patent according to traditional principles.

As has been indicated, Wilcox J at first instance and Lockhart J (with whom Northrop J agreed) in the full Court of the Federal Court concluded that the specification, when properly construed, disclosed that the subject matter of the claim in the present case was merely the kind of new use of a known product (phosphors) which had been held in *Microcell* not to be a proper subject matter for a patent. In that regard, Lockhart J ([1993] 44 FCR 239 at 264; 117 ALR 79 at 104) quoted the substance of the following passage from Wilcox J's judgment:

> The present patent does not claim the discovery by the patentees of any new property of phosphors, making them suitable for use in highly loaded low-pressure mercury vapour discharge lamps. The luminescent qualities of phosphors had long been known. Indeed, it is the applicants' case on sufficiency of description - which I accept - that the luminescent qualities of the relevant phosphors were so well-known that it was unnecessary to identify the phosphors to be selected for STD testing and e.n evaluation. A mere skilled technician would know which to try. Nor does the patent claim that the patentees discovered that phosphors are subject to STD. This inherent characteristic of phosphors was well-known. Similarly, it was known that mercury ions would attack substances with a higher e.n than mercury (1.9) and zinc, which has an e.n of 1.6. [The only explanation of the patents selection of 1.4 as the appropriate e.n limit was to stipulate a figure lower than that of zinc].

Lockhart J went on to say ([1993] 44 FCR 239 at 265; 117 ALR 79 at 104-105):

> I accept the correctness of the submission of counsel for the respondent that what the patentee has done in this case is to choose two desirable characteristics of the known phosphors and to claim lamps using all phosphors, present and future, possessing those characteristics. The evidence of Dr. Verhaar, a scientist employed by the first appellant, makes this point in clear terms. The two desirable characteristics of the known phosphors which were admittedly known were: (a) short term initial lumens depreciation, or 'short term decrease', as it is described in certain of the evidence (that is to say in a lamp according to the invention, luminescent material must satisfy the requirement of short term decrease); and (b) a lamp according to the invention must also satisfy the requirement of a higher degree of mercury resistance or long term maintenance. I accept the correctness of counsel for the respondents submission that the patentee has essentially 'formulated requirements' 'as regards short term decrease and mercury resistance' (to use the words of the specification (at 26) 'formulated requirements') and claimed them as limitations on the luminescent material. I agree with [the learned trial Judge's] finding that this is not an invention.

In the light of what has been written above, the effect of the above conclusion of the primary Judge and the majority of the Federal Court, while it stands, is that s. 18(1)'s threshold requirement of "an invention" was not satisfied and that the patent in suit was properly revoked pursuant to s. 138(3)(b) of the Act on the ground that the alleged invention was not a "patentable invention". Since leave to appeal to this Court was granted solely to enable the question of the construction of s. 18(1)(a) to be considered, the propriety of that conclusion is not in issue in this Court. That means that the appeal must be dismissed.

Strictly speaking, it is unnecessary to answer the question whether a process which could not be a proper subject matter for a patent according to traditional principle, for the reason that it is merely a new use of a known product, can nonetheless be a "manner of manufacture within the meaning of s. 6 of the Statute of Monopolies" for the purposes of s. 18(1)(a). However, in view of

the fact that the argument in this Court and the judgments in the full Court were primarily directed to that question, it is appropriate that we indicate that we consider that the above construction of s. 18(1)'s threshold requirement of "an invention" goes a long way towards answering it since it would border upon the irrational if a process which was in fact but a new use of an old substance could be a "patentable invention" under s. 18 if, but only if, that fact were not disclosed by the specification. In the context of that construction of s. 18(1)'s threshold requirement of an "invention", the preferable conclusion is that the phrase "manner of manufacture within the meaning of s. 6 of the Statute of Monopolies" in s. 18(1)(a) should be understood as referring to a process which is a proper subject matter of letters patent according to traditional principle. Indeed, notwithstanding the argument to the contrary advanced on behalf of Philips, that seems to us to be the clear effect of the following passage in the joint judgment in the *NRDC* case [1959] 102 CLR 252 at 269.

> The word 'manufacture' finds a place in the present Act, not as a word intended to reduce a question of patentability to a question of verbal interpretation, but simply as the general title found in the Statute of Monopolies for the whole category under which all grants of patents which may be made in accordance with the developed principles of patent law are to be subsumed. It is therefore a mistake, and a mistake likely to lead to an incorrect conclusion, to treat the question whether a given process or product is within the definition as if that question could be restated in the form: 'Is this a manner (or kind) of manufacturer?' It is a mistake which tends to limit one's thinking by reference to the idea of making tangible goods by hand or by machine, because 'manufacture' as a word of everyday speech generally conveys that idea. The right question is: 'Is this a proper subject of letters patent according to the principles which have been developed for the application of s. 6 of the Statute of Monopolies?'

It is true that, as has been mentioned, the *NRDC Case* was decided under the 1952 Act. Nonetheless, It is to be assumed that it was the legislative intent that the phrase "manner of manufacture" in s. 18(1)(a) should be construed in accordance with earlier judicial decisions about its content as used in the saving clause of s. 6 of the Statute of Monopolies. In that regard, it is relevant to note that the *1984 Report of the Industrial Property Advisory Committee on Patents, Innovation and Competition in Australia* (see at 41) , which was taken into account in the framing of the Act, recorded that the concept of "manner of manufacture" had "the advantage of being underpinned by an extensive body of decided case law which facilitates its application in particular circumstances" while the explanatory memorandum (see para. 31 at p. 7) stated that s. 18(1)(a)'s requirement that an invention be a "manner of manufacture" "invokes a long line of UK and Australian Court decisions". The point was made by Lockhart J in the full Court when he said ([1993] 44 FCR 23 9 at 263; 117 ALR 79 at 102):

> In my opinion the combination of s. 18(1)(a) of the 1990 Act and Sch 1 thereto (where it defines 'invention') continues in force the notion of 'manner of new manufacture' present in s. 100(1)(d) of the 1952 Act (Section 100(1)(d) of the 1952 Act provided that one of the grounds upon which a patent might be revoked was "that the invention ... is not an invention within the meaning of this Act").

It follows that, in our view, the trial Judge and the majority of the full Court of the Federal Court were correct in holding that the effect of the conclusion that the relevant process in the present case was no more than a new use of a particular known product was that it was not a "manner of manufacture" for the purposes of s. 18(1)(a) and, consequently, not a "patentable invention".

The appeal should be dismissed with costs.

Dawson and McHugh JJ:

The appellants ("Philips") manufacture and distribute in Australia compact fluorescent lamps which save energy and have a long life. They are a development of fluorescent tubes of a familiar kind which have been in use for some time. The first appellant is a Netherlands corporation and the second appellant an Australian subsidiary. The first appellant was granted a patent under the Patents Act 1952 (Cth) for the manufacture of the lamps, the invention being described as a "low-pressure mercury vapour discharge lamp". The inside wall of the patented lamp is coated with phosphors which emit visible light when irradiated with ultraviolet radiation. The phosphors used in the lamp have a low short-term decrease in efficiency when the lamp is turned on and high electro-negativity. The patent specifies the phosphors used.

The respondent ("Mirabella") distributes compact lamps in Australia which are apparently imported from China. Philips claim that these lamps infringe the patent granted to the first appellant. They sought a declaration to that effect and ancillary relief. Infringement is denied by Mirabella which, by cross-claim, challenged the validity of the patent and sought its revocation. Five grounds were specified in the cross-claim, namely, failure to comply with the requirements of s. 40 of the Patents Act 1990 (Cth) ("the 1990 Act"), want of novelty, that the subject of the patent was not an invention or manner of manufacture, obviousness and lack of utility. Obviousness, or lack of an inventive step, was abandoned at the trial of the action. The trial Judge found in favour of Philips upon the issues of novelty and usefulness. Despite this, the trial Judge found that the subject of the patent was not an invention or a manner of new manufacture. He ordered the revocation of the patent. An appeal by Philips to the full Court of the Federal Court (Northrop and Lockhart JJ; Burchett J dissenting) (*NV Philips v. Mirabella* [1993] 44 FCR 239;117 ALR 79) was dismissed.

Special leave to appeal to this Court was granted, but was confined to a point of construction of the 1990 Act. The point concerns the meaning of the phrase "manner of manufacture" in s. 18. That section provides:

(1) Subject to subsection (2), a patentable invention is an invention that, so far as claimed in any claim:

(a) is a manner of manufacture within the meaning of section 6 of the Statute of Monopolies; and

(b) when compared with the prior art base as it existed before the priority date of that claim:

(i) is novel; and
(ii) involves an inventive step; and

(c) is useful; and

(d) was not secretly used in the patent area before the priority date of that claim by, or on behalf of, or with the authority of, the patentee or nominated person or the patentee's or nominated person's predecessor in title to the invention.

(2) Human beings, and the biological processes for their generation, are not patentable inventions.

"Invention" is defined in Sch. 1 to the 1990 Act (made applicable by s. 3) as meaning "any manner of new manufacture the subject of letters patent and grant of privilege within s. 6 of the Statute of Monopolies, and includes an alleged invention".

It is to be noted that the definition of "invention" speaks of any manner of new manufacture and does so because that is the terminology used by the Statute of Monopolies 1623 which declared all letters patent invalid except those for "any manner of new manufactures". Section 18(1)(a), on the other hand, speaks only of a manner of manufacture when describing a patentable invention. The explanation advanced by Philips for the omission of the word "new" in s. 18 is that the draftsman of the section took the meaning given by judicial decision to that word in the Statute of Monopolies and made it explicit in sub-sections (1)(b)(i) and (ii) with the consequence that sub-section (1)(a) requires a patentable invention to be a manner (or kind) of manufacture only and sub-sections (1)(b)(i) and (ii) requires it to be new, that is to say, novel and inventive.

Mirabella denies this construction of the section and contends that, notwithstanding the omission of the word "new" in sub-section (1)(a) and the explicit requirements of novelty and inventiveness in sub-sections (1)(b)(i) and (ii), the phrase "manner of manufacture" in sub-section (1)(a) should be read as "manner of new manufacture" in conformity with the Statute of Monopolies, thus leaving a residual requirement that a patentable invention be new under sub-section (1)(a) in addition to the requirement under sub-section (1)(b)(i) and (ii) that it be novel and inventive. It is understandable that Mirabella should so contend because of its abandonment at trial of obviousness or lack of an

inventive step as a ground of invalidity, due apparently to its inability to prove a prior art base under s. 18(1)(b)(ii). The prior art base, as defined in Sch. 1, is the basis of the comparison necessary to establish the lack of an inventive step. Mirabella seeks otherwise to show that the invention, whilst a manner of manufacture, is not a manner of new manufacture.

In our view, Philips are correct in their contention. Section 18 does not purport to define an invention. That definition - a manner of new manufacture is to be found in Sch. 1. Section 18 describes a patentable invention and does so by requiring a manner of manufacture to exhibit certain qualities. Two of those qualities - novelty and inventiveness (or lack of obviousness) - constitute a more explicit and precise expression of what has come to be conveyed by the word 'new" in the phrase "manner of new manufacture". That is why the word "new" does not appear in s. 18(1)(a). And it is why, under s. 45, where an applicant asks for an examination of a patent request, the Commissioner of Patents is relevantly confined to reporting on "whether, to the best of his or her knowledge the invention, so far as claimed, satisfies the criteria mentioned in paras. 18(1)(a) and (b)". The result is that a patentable invention is a manner of manufacture (s. 18(1)(a)) which is, amongst other things, new in the sense that, when compared to the prior art base, it is novel and involves an inventive step (s. 18(1)(b)(i) and (ii)). There is no additional requirement that it be new in some other sense, for that would defeat one of the purposes of the section.

The prior art base, which forms the basis of the comparison required to establish novelty and an inventive step (or lack of obviousness), is defined in Sch. 1. Section 7 explains how the comparison is to be made. The detail is not important for present purposes. What is important is that a particular kind of comparison involving a particular art base is required by s. 18(1)(b). If there were a residual requirement under s. 18(1)(a) that a manner of manufacture be new, the very matters covered by s. 18(1)(b) might be established without making the comparison required by that provision and s. 7, thus avoiding the parameters which they so carefully set. It is scarcely to be thought that the legislature, in closely defining the context for consideration of the questions of novelty and inventiveness, intended that those or related questions should otherwise remain, and remain at large. Put another way, if there were some residual question of newness to be determined under s. 18(1)(a), a comparison would have to be made. What is new can only be determined by reference to a previous state of affairs. Having specified the basis for the comparison required by s. 18(1)(b)(i) and (ii), it is unlikely that the legislature intended that a question of newness should remain under s. 18(1)(a) without specifying any basis for comparison.

The use of s. 6 of the Statute of Monopolies to define the meaning of invention in patent legislation has a long history (see Patents Act 1903 (Cth), s. 4; Patents Act 1952 (Cth), s. 6; Patents Act 1990 (Cth), Sched 1). The

development of the meaning of the words "manner of new manufacture" has, however, taken place otherwise than as an exercise in statutory interpretation. As this Court remarked *in National Research Development Corporation v. Commissioner of Patent* ([1959] 102 CLR 252 at 269):

> The inquiry which the definition demands is an inquiry into the scope of the permissible subject matter of letters patent and grants of privilege protected by the section. It is an inquiry not into the meaning of a word so much as into the breadth of the concept which the law has developed by its consideration of the text and purpose of the Statute of Monopolies. One may remark that although the Statute spoke of the inventor it nowhere spoke of the invention; all that is nowadays understood by the latter word as used in patent law it comprehended in 'new manufactures'. The word 'manufacture' finds a place in the present Act [Patents Act 1952], not as a word intended to reduce a question of patentability to a question of verbal interpretation, but simply as the general title found in the Statute of Monopolies for the whole category under which all grants of patents which may be made in accordance with the developed principles of patent law are to be subsumed."

Eventually, the developed meaning of the phrase "manner of new manufacture" was given a measure of statutory expression. The Patents Act 1903 (Cth) contained a definition of invention which invoked s. 6 of the Statute of Monopolies but did not set out any specific grounds for the revocation of a patent. Section 86(3) merely provided that:

> Every ground on which a patent might at common law be repealed by *scire facias* shall be available as a ground of revocation.

However, the Patents Act 1952, which also defined "invention" in s. 6 by reference to the Statute of Monopolies, provided in s. 100(1) that a patent might be revoked on one or more of a number of specified grounds and no other ground. The specified grounds included the following:

> (d) that the invention ... is not an invention within the meaning of this Act;
>
> (e) that the invention ... was obvious and did not involve, an inventive step having regard to what was known or used in Australia on or before the priority date ...
>
> (g) that the invention ... was not novel in Australia on the priority date ...
>
> (h) that the invention ... is not useful.

The report of the Industrial Property Advisory Committed (*Patents, Innovation and Competition in Australia*, a report to the Minister for Science and Technology, 29 August 1984) which preceded the 1990 Act observes (Patents, Innovation and Competition in Australia at 40):

> Over the last 350 years the courts have interpreted and applied the concept of manner of manufacture in an expanding and generally non-selective fashion, except for a tendency to focus on manufacturing industry, more or less in

accordance with the expansion of technology and industrial activity, and the needs and understanding of the times.

The report considered the definition of "invention" contained in s. 6 of the Patents Act 1952 and said of the expression "any manner of new manufacture the subject of letters patent and grant of privilege within s. 6 of the Statute of Monopolies (Patents Innovation and Competition in Australia at 39-40):

> This concept involves, 3 primary tests: the invention must be new, inventive (not obvious), and capable of industrial application. The requirements 'of novelty and invention are the subject of express grounds of invalidity under s. 100 of the Patents Act ... The industrial capability requirement arises from the reference to s. 6 of the Statute of Monopolies and the words 'manner of ... manufacture'. This concept involves little more than that an invention must belong to the useful arts rather than the fine arts.

The report recommended that *(Patents, Innovation and Competition in Australia* at 41:

> The present threshold test of patentability by reference to s. 6 of the Statute of Monopolies and to the expression 'manner of new manufacture' be retained, without specific legislative inclusions or exclusions.

It is apparent that this recommendation was accepted in the 1990 Act by the retention of the definition of "invention" as a "manner of new manufacture" in Sch. 1 (see *Official Journal of Patents, Trade Marks and Designs*, Vol. 56, no. 47, 18 December 1986 at 1470), but what was meant by the word "new" in that expression was spelt out by s. 18(1)(b) as it had been spelt out in s. 100(1)(e) and (g) of the 1952 Act.

It is also to be seen that in the 1952 Act there was a ground of revocation s. 100(1)(d) - of "not [being] an invention within the meaning of this Act", as well as the grounds of obviousness and lack of novelty. That would seem to be because s. 100 does not itself contain a reference to manner of manufacture as does s. 18(1)(a) of the 1990 Act. The 1990 Act does not contain any specific requirement that an invention, in addition to being a manner of manufacture, be an invention within the meaning of the Act because that requirement is contained in the phrase "manner of manufacture" in s. 18(1)(a) when read with the other requirements of s. 18(1).

The explanatory memorandum for the Patents Bill 1990 drew a clear distinction between "manner of new manufacture" and "manner of manufacture". The latter expression was said to import the case law on subject matter as a threshold consideration, it being implicit that the question of newness was dealt with explicitly by para. 18(1)(b) of the Bill, which became s. 18(1)(b) of the 1990 Act. Paragraph 31 of the memorandum read:

> An 'invention is defined in Schedule 1 by reference to the expression 'manner of new manufacture' in s. 6 of the Imperial Act known as the Statute of Monopolies. The requirement in paragraph 18(1)(a) that an invention, in order to be patentable, must be a 'manner of manufacture' invokes a long line of UK and Australian court decisions. It means little more than that an invention must belong to the useful arts rather than the fine arts.

The distinction maintained by s. 18 of the 1990 Act between manner of manufacture and manner of new manufacture was previously well established in patent law (see *Re Application of Compagnies Reunies des Glaces* (1930) 48 PC 185 at 188). Unfortunately, the terminology has not always been used uniformly and sometimes the word "new" has been regarded as synonymous with "novel", lack of inventiveness being thought to go to subject matter, or manner of manufacture. For example, in *Gum v Stevens* 48 (1923) 33 CLR 267 at 272 Starke J said:

> There is no very clear line of demarcation between subject matter and novelty. In deciding whether there is subject matter for the alleged invention, there are, as is pointed out by Mr H Fletcher Moulton in his work on Patents, at p. 17, three questions for consideration: 'Firstly, is it a manufacture? Secondly, is it new? Thirdly, is it a new manufacture or, in other words. does it involve invention? As Griffith CJ remarked in the *Linotype Co*'s case (*Linotype Co Ltd v Mounsey* (1909) 9 CLR 194 at 202), 'proof of want of novelty is sufficient to support an objection for want of subject matter, but it does not cover the whole ground open under that objection.' Consequently, an objection to the grant of a patent on the ground of want of novelty in the invention is not precluded merely because the same facts may also establish want of subject matter (see also *Sunbeam Corporation v Morphy-Richards (Aust) Pty Ltd* (961) 3 5 ALJR 212 at 217-218).

Even there it may be thought that the passage by Fletcher Moulton does not indicate that lack of inventiveness, as opposed to novelty, goes to subject matter. The first question posed "is it a manufacture. I would seem to go to subject matter and the other two questions "is it new?" and "is it a new manufacture or ... does it involve invention?' would seem to go to different aspects of newness.

In *RD Werner & Co Inc v Bailey Aluminium* (1989) 25 FCR 565 at 572; 85 ALR 679 at 686-687 Lockhart J remarked that until recently questions of novelty and inventiveness were generally considered as part of the same essential requirements of a patent and that obviousness and want of subject matter were often used interchangeably. He went on to say:

> In one sense, to say that there must be an inventive step is another way of saying that there must be novelty in the subject matter of the claim. To determine whether or not a 'manner of manufactures' was new the court frequently applied the test whether the manner of manufacture was invention. The absence generally of any, or any real, dichotomy between invention and novelty until comparatively recent times is explicable by the absence of any need to draw any such

> distinction. However, the concepts of novelty and of invention are intrinsically separate, though they do interact or overlap in some measure and although the distinction between the two is frequently one without any real difference in practice. Nor have the courts been consistent in distinguishing in terminology between novelty and subject matter.

However, what is significant for present purposes is that those who draft the 1990 Act clearly enough drew a distinction between "manner of manufacture" and "manner of new manufacture" and regarded the latter expression embracing both novelty, which involves anticipation by prior use or publication, and inventiveness, which is to be determined in the light of the common general knowledge in the art.

Upon appeal to the full Court of the Federal Court the questions compliance with the requirements of s. 40 of the 1990 Act, want of novelty utility were decided in favour of Philips. As we have mentioned, at the Mirabella had abandoned its ground that the invention was obvious and did involve an inventive step, that is to say, its ground under s. 18(1)(b)(ii). That left the separate ground raised by Mirabella that the patented invention "is not invention or manner of manufacture within the meaning of the Patents Act 1990". The full Court upheld. the finding of the trial Judge in favour of Mirabella up this ground. In so doing it is apparent that Lockhart J, with whom Northrop J agreed, took the view that, in addition to the requirements in s. 18(1)(b)(i) and of novelty and an inventive step, the phrase "manner of manufacture" s. 18(1)(a) was the equivalent of "manner of new manufacture" and required element of newness in addition to that required by s. 18(1)(b)(ii). He expres rejected the argument, advanced by Philips, that the 1990 Act introduced distinction between the concepts of "manner of manufacture" and "manner new manufacture" and expressed the opinion that "the combination of s. 18(1) of the 1990 Act and Sch. 1 thereto (where it defines 'invention') continues in force the notion of 'manner of new manufacture' present in s. 100(1)(d) of the 1952 Act" (*NV Philips v. Mirabella* (1993) 44 FCR 239 at 263; 117 ALR 79 at 102. His Honour referred to the finding of the trial Judge that there was a lack of invention as distinct from a lack of an inventive step or obviousness under s. 18(1)(b)(ii) (that claim having been abandoned) and said (*NV Philips v. Mirabella* (1993) 44 FCR 239 at 265; 117 ALR 79 at 105:

> Many of the submissions made by counsel for the appellants on this point blurred the distinction between the requirement that the invention be a manner of new manufacture and obviousness. The respondent did not press its case at the trial (nor therefore on appeal) on obviousness, no doubt, at least in part, because the respondent could not establish that what is described in the evidence as the Vrenken Article was common general knowledge in Australia.
>
> Essentially what the patentee claims in the patent in suit is a lamp that has two basic characteristics, namely, short term depreciation which is related to efficiency of light and electro-negativity which is a function of a relevant chemical formula. This is not a patentable invention as his Honour [the trial Judge] correctly found.

> His Honour carefully drew the distinction between the use of the word 'inventive' in the sense of obviousness and a manner of new manufacture.
>
> As mentioned earlier the expressions 'manner of new manufacture' and 'manner of manufacture' in this branch of the law under the 1990 Act mean the same thing and involve the same concepts as they have been understood and developed since 1623 when the Statute Monopolies was passed.

The basis upon which the trial Judge found in favour of Mirabella upon the question of invention was that identified in *Commissioner of Patents v. Microcell Ltd.* [1959] 102 CLR 232 at 251, namely, that the claim was for the use of known materials in the manufacture of known articles for the purpose of which their known properties make those materials suitable. Such a claim was said in *Microcell* not to be capable of being subject matter for a patent. But *Microcell* was decided under the Patents Act 1903, which contained neither the equivalent of s. 100 of the 1952 Act nor of s. 18 of the 1990 Act. There was merely the definition of "invention" in s. 4 by reference to "any manner of new manufacture". In considering whether there was a patentable invention there was no need for the Court to distinguish between "manner of manufacture" and "manner of new manufacture" nor was there any need to distinguish between lack of an inventive step and subject matter, although it is plain that the Court did take a broader view of subject matter in that case than it did subsequently in *National Research Development Corporation v. Commissioner of Patents*, which was decided under the 1952 Act. In the latter case, the Court drew a clear distinction between "invention", which it said was comprehended in the phrase "new manufactures", and subject matter, which was limited by the use of the word "manufacture" (*Commissioner of Patents v. Microcell Ltd.* [1959] 102 CLR 252 at 269). If the decision in *Microcell* upon the question of invention were to be made today, it would be made under the 1990 Act by reference to s. 18(1)(b)(ii) and not by reference to the phrase "manner of manufacture" in s. 18(1)(a).

For the reasons which we have given, the full Court and the trial Judge were in error in their construction of s. 18 of the 1990 Act. Because of the abandonment by Mirabella at the trial of its ground under s. 18(1)(b)(ii) and because of the way in which argument was conducted upon an erroneous construction of s. 18, the preferable course is to allow the appeal and remit the matter to the full Court for reargument in the light of these reasons. The reargument should, in our view, extend to the question whether Mirabella is precluded from arguing that the claim lacks an inventive step or is not capable of being subject matter for a patent.

Mirabella served a notice of contention under O. 70, r. 6(5) of the Rules of Court indicating that it wished to contend that the decision of the full Court should be affirmed upon grounds relied upon in its cross-claim which were not upheld by the full Court. The only ground upheld by the full Court was that the invention was not an invention or manner of manufacture within the

meaning of the Patents Act 1990. Upon the question being raised during argument whether these were matters for cross-appeal (for which special leave would be necessary) rather than for inclusion in a notice of contention, Mirabella did not seek to pursue them. This course was adopted without prejudice to any right to make application for special leave to appeal from any decision which might be given by the full Court upon the remitter of the matter to it. It is, therefore, unnecessary to deal with any of the questions raised by the notice of contention.

Reported by Nora Tajuddin